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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of the State
of Washington by:

DENNIS EUGENE KLUVER,
ALYN RICHARD WAAGE,
TRI-WEST INVESTMENT CLUB, and
HAARLEM UNIVERSAL CORPORATION
Respondents

SDO - 87 - 01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST

Case No. 01-01-007

THE STATE OF WASHINGTON
TO:

DENNIS EUGENE KLUVER
11821 N. Lancelot Dr.
Spokane, WA 99218

On September 17, 2001, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist SDO-73-01 to DENNIS EUGENE KLUVER, ALYN RICHARD WAAGE, TRI-WEST INVESTMENT CLUB, and HAARLEM UNIVERSAL CORPORATION, hereinafter referred to as "Respondents."

The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing and an Application for Adjudicative Hearing thereon, were personally served on Respondent DENNIS EUGENE KLUVER ("KLUVER") on September 20, 2001. The Notice of Opportunity for Hearing advised Respondent KLUVER that he had twenty days from the date he received the notice to file a written application for an administrative hearing on the Statement of Charges.

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1 Respondent KLUVER failed to request an administrative hearing within twenty days of his receipt of
2 the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for hearing provided
3 or otherwise.

4 The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law as
5 set forth in the Statement of Charges as to Respondent KLUVER.

6 The Securities Administrator makes the following findings of fact and conclusions of law:

7 **FINDINGS OF FACT**

8 **PARTIES**

9 I.

10 Tri-West Investment Club (“Tri-West”) is a business entity of unknown form that purports to be “a
11 worldwide private membership club” that assists its members with offshore investments, specifically in "Prime
12 Bank Instruments." Tri-West Investment Club lists business addresses at 160 N. Front Street, PO Box 354,
13 Belize City, Belize, East Bay Shopping Center, East Bay Street, Suite A-216, Nassau, Bahamas, and 1605-B
14 Pacific Rim Ct., Suite MX78-204, San Diego, CA 92154.

15 II.

16 Haarlem Universal Corporation (“Haarlem”) represents itself as a Panamanian Investment Company
17 specializing in bond and currency trading, specifically “Prime Bank Instruments”, with business addresses at
18 East Bay Shopping Center, East Bay Street, Suite A-216, Nassau, Bahamas, and 1605-B Pacific Rim Ct., Suite
19 MX78-204, San Diego, CA 92154. Haarlem was incorporated in Panama on June 15, 1999. Haarlem has no
20 business or operations; it is a front corporation controlled by Waage.

21 III.

22 Alyn Richard Waage (“Waage”) is a Canadian citizen and a resident of Puerto Vallarta, Mexico. Waage is
23 the principal of Tri-West and controls Haarlem.

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IV.

Dennis Eugene Kluver ("Kluver") is a Tri-West representative and club member. Kluver conducts business on behalf of Tri-West from his residence in Spokane, Washington.

NATURE OF THE OFFERING

V.

Tri-West maintains an Internet web site, <http://www.triwestinvest.com>. The web site identifies Tri-West as a private membership club offering to assist its members in offshore investing, specifically in "leveraged bond purchases." Tri-West further describes the "leveraged bond purchases" as "Prime Bank Instruments" that are "issued under the International Chamber of Commerce (ICC 400) guideline requirements for banking." The web site states that a board of directors operates the club and Jason Kingsley, Mark Goldman and Alan Richards conduct the day-to-day operations. The web site also identifies Jason Kingsley as the President of Tri-West. The web site states that Tri-West trades exclusively through Haarlem Universal Corporation and identified Alex Haarlem as the founder and chairman of Haarlem Universal Corporation. According to information posted on the web site, "Haarlem Universal Corporation specializes in debenture and currency trading, representing individual and institutional investors with \$10,000,000 or more to invest. These trades generally show returns in excess of 300% per annum. This program is called the "Bank Debenture Trading Program."

VI.

In reality, Kingsley, Goldman, Richards, and Haarlem are fictitious persons. Haarlem Universal Corporation is not a prestigious trading firm; instead, Haarlem is a front corporation controlled by Waage. Further, Prime Bank instruments do not exist and the "Bank Debenture Trading Program," in which Tri-West purportedly invested, never existed.

VII.

1 According to information posted on the web site, the Bank Debenture Trading Program allows investors to
2 earn 10% per month on their investment. The web site states, "Tri-West members may invest any amount of
3 funds they desire in multiples of USD \$1,000. All investments are for a period of one year at which time the
4 principle is returned according to the directions of the member. The rate of return on investment is presently
5 pegged at 10% (ten percent) per month of the total investment. The rate of return will not change during the
6 term of the investment (one year) and returns are paid on the first banking day of the month, each and every
7 month." Tri-West states on its website that "there is no risk of losing the investor's principal investment." The
8 web site instructs potential investors to direct further inquiries to info@triwestinvest.com.

VIII.

10 Information obtained from Tri-West states that investors could invest as little as \$1,000. Each investor
11 would receive a monthly rate of return of 10% of their initial investment, with an initial term of 12 months.
12 The investor had the choice of actually receiving a check, or placing the dividend in a "growth fund" each
13 month. If an investor chose to receive a monthly check, at the end of 12 months the investor would receive the
14 12th interest check plus the return of 100% of their original investment. Investors who chose the "growth fund"
15 reinvested their monthly returns, earning compound interest. Additionally, investors who chose the "growth
16 fund" option would receive an additional 10% of the total accumulated interest and principal at the end of the
17 12-month investment period simply for choosing the "growth fund."

IX.

19 The information further described how investors could earn commissions from Tri-West. For each person
20 an investor successfully referred to Tri-West, that investor would receive 15% of the referred person's initial
21 investment and 15% of that person's monthly interest payment. This would be true for every person an
22 investor referred. Tri-West would pay an additional referral bonus of \$1,000 on each accumulated level of
23

1 \$50,000 referred investment. These bonuses would be placed in the “growth fund” of the referrer for a one-year
2 period and receive the 10% rate of return each month. Tri-West would pay the bonus directly to the members’
3 offshore account or by mail to the members listed address.

4 X.

5 Tri-West’s website instructs investors to send payment by international money order or certified check
6 made payable to Haarlem. From January 2000 through approximately April 2000, Tri-West instructed
7 investors to send payment to an address in San Diego, CA. From this address, mail addressed to Tri-West was
8 forwarded to a post office box in Puerto Vallarta, Mexico rented by Waage. From approximately April 2000
9 through approximately November 2000, Tri-West instructed investors to send payment to an address in Nassau,
10 The Bahamas. From approximately November 2000 through early June 2001, Tri-West instructed investors to
11 send payment to a post office box in the Central American country of Belize. From this address, mail for Tri-
12 West was forwarded to Waage’s post office box in Puerto Vallarta.

13 XI.

14 Some checks sent to Tri-West by investors were deposited in a bank account in Haarlem’s name at Paritate
15 Bank JSC (“Paritate”) in Riga, Latvia. Paritate maintains at least two correspondent accounts at Bankers Trust
16 Company in New York. From May 2000 through April 2001, Paritate instructed Bankers Trust to write checks
17 on one of its correspondent accounts to Tri-West investors. These checks were sent to investors in the United
18 States and Canada purportedly in payment of monthly dividends. In reality, the payments consisted of the
19 funds of other Tri-West investors.

20 XII.

21 On or about May 18, 2000, Kluver “joined” Tri-West, investing \$5,000. Shortly thereafter, Kluver began
22 to solicit other investors on behalf of Tri-West. From July 2000 through April 2001, Kluver induced at least 41
23

1 other persons to invest at least \$195,000 in the Tri-West prime bank instruments. Over that same period of time,
2 Kluver collected at least \$65,611.18 in payments from Tri-West.

3 XIII.

4 Notwithstanding Respondent's representations regarding the Bank Debenture Program, the Securities and
5 Exchange Commission and other federal regulatory agencies such as the Federal Reserve Board, the Federal
6 Deposit Insurance Corp., the National Credit Union Administration, the Office of the Comptroller of the
7 Currency, and the Office of Thrift Supervision have indicated that financial instruments denominated as "bank
8 debentures" that bear high yields are not bona fide financial instruments, and are alerting investors that the
9 purported existence of such financial instruments has been advanced for the purpose of defrauding investors.

10 Furthermore, in connection with the offer and sale of the "Bank Debenture Program", Respondents did not
11 disclose the following information: the use of investment funds; the sales costs and commissions; the identity
12 and address of relevant parties to the trading program, including the program manager or facilitator; the history
13 of the purported trading program; the identity of the issuer of the bank debentures ostensibly being traded; the
14 risks specific to the offering, such as an absence of a market for the guarantees or debentures, inadequate funds
15 to finance the trading program, and adverse consequences of not obtaining the amount of proceeds needed; the
16 extent of liquidity; and the effects of government regulation in the banking and investing industries.

17 XIV.

18 Tri-West Investment Club and Haarlem Universal Corporation are not currently registered to sell their
19 securities in the state of Washington and have not previously been so registered.

20 XV.

21 Tri-West Investment Club, Haarlem Universal Corporation, Alyn Richard Waage and Dennis Eugene
22 Kluver are not currently registered as securities salespersons, investment advisers or broker-dealers in the state
23 of Washington and have not previously been so registered.

1 Based upon the above Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 I.

4 The offer and/or sale of interests in the Bank Debenture Trading Program described above constitute the
5 offer of a security as defined in RCW 21.20.005(10) and (12), to wit: an investment contract, debenture, or risk
6 capital.

7 II.

8 The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration for such
9 offer is on file with the Administrator of Securities, state of Washington and it appears Respondents do not
10 otherwise qualify for an exemption from registration.

11 III.

12 Respondents have violated RCW 21.20.040 by offering and/or selling said securities while not registered
13 as a securities salesperson or broker-dealer in the state of Washington.

14 IV.

15 The offer and/or sale of said securities was made in violation of RCW 21.20.010 because as set forth in the
16 Tentative Findings of Fact above, Respondents have engaged in a scheme or artifice to defraud, made untrue
17 statements of material fact, or omitted to state material facts necessary in order to make the statements made, in
18 light of the circumstances under which they were made, not misleading.

19 **FINAL ORDER**

20 Based upon the above Findings of Fact and Conclusions of Law, the Securities Administrator orders as follows
21 It is hereby ORDERED that Respondent DENNIS EUGENE KLUVER, his agents and employees each cease
22 and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the section of
23 the Securities Act of Washington requiring registration.

1 It is further ORDERED that Respondent DENNIS EUGENE KLUVER, his agents, and employees each
2 cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

3 It is further ORDERED that Respondent DENNIS EUGENE KLUVER, his agents, and employees each
4 cease and desist from violation of RCW 21.20.040, the section of the Securities Act of Washington requiring
5 registration of persons acting as securities salespersons, broker-dealers, or investment advisers.

6 This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of
7 Chapter 34.05 RCW.

8 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

9
10 DATED this 14th day of October, 2001.

11
12 

13 _____
14 DEBORAH R. BORTNER
15 Securities Administrator

16 Approved by:

17 Presented by:

18 _____
19 Michael E. Stevenson
20 Chief of Enforcement

21 _____
22 Rex A. Staples
23 Senior Enforcement Attorney

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